

106TH CONGRESS
2D SESSION

H. R. 4556

To amend the Internal Revenue Code of 1986 to treat for unemployment compensation purposes Indian tribal governments the same as State or local units of government or as nonprofit organizations.

IN THE HOUSE OF REPRESENTATIVES

MAY 25, 2000

Mr. CAMP (for himself, Mr. HAYWORTH, Mr. KILDEE, Mr. PETERSON of Minnesota, Mr. SHADEGG, Mr. KLECZKA, and Mr. FOLEY) introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to treat for unemployment compensation purposes Indian tribal governments the same as State or local units of government or as nonprofit organizations.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Tax Fairness for Trib-
5 al Governments Act of 2000”.

1 **SEC. 2. TREATMENT OF INDIAN TRIBAL GOVERNMENTS**
2 **UNDER FEDERAL UNEMPLOYMENT TAX ACT.**

3 (a) IN GENERAL.—Section 3306(c)(7) of the Internal
4 Revenue Code of 1986 (defining employment) is
5 amended—

6 (1) by inserting “or in the employ of an Indian
7 tribe,” after “service performed in the employ of a
8 State, or any political subdivision thereof,”; and

9 (2) by inserting “or Indian tribes” after “whol-
10 ly owned by one or more States or political subdivi-
11 sions”.

12 (b) PAYMENTS IN LIEU OF CONTRIBUTIONS.—Sec-
13 tion 3309 of the Internal Revenue Code of 1986 (relating
14 to State law coverage of services performed for nonprofit
15 organizations or governmental entities) is amended—

16 (1) in subsection (a)(2) by inserting “, includ-
17 ing an Indian tribe,” after “the State law shall pro-
18 vide that a governmental entity”;

19 (2) in subsection (b)(3)(B) by inserting “, or of
20 an Indian tribe” after “of a State or political sub-
21 division thereof”;

22 (3) in subsection (b)(3)(E) by inserting “or the
23 tribe’s” after “the State”; and

24 (4) in subsection (b)(5) by inserting “or of an
25 Indian tribe” after “an agency of a State or political
26 subdivision thereof”.

1 (c) STATE LAW COVERAGE.—Section 3309 of the In-
2 ternal Revenue Code of 1986 (relating to State law cov-
3 erage of services performed for nonprofit organizations or
4 governmental entities) is amended by adding at the end
5 the following new subsection:

6 “(d) ELECTION BY INDIAN TRIBE.—The State law
7 shall provide that an Indian tribe may make contributions
8 for employment as if the employment is within the mean-
9 ing of section 3306 or make payments in lieu of contribu-
10 tions under this section, and shall provide that an Indian
11 tribe may make separate elections for itself and each sub-
12 division, subsidiary, or business enterprise wholly owned
13 by such Indian tribe. State law may require a tribe to post
14 a payment bond or take other reasonable measures to as-
15 sure the making of payments in lieu of contributions under
16 this section. Notwithstanding the requirements of section
17 3306(a)(6), if, within 90 days of having received a notice
18 of delinquency, a tribe fails to made contributions, pay-
19 ments in lieu of contributions, or payment of penalties or
20 interest (at amounts or rates comparable to those applied
21 to all other employers covered under the State law) as-
22 sessed with respect to such failure, or if the tribe fails
23 to post a required payment bond, then service for the tribe
24 shall not be excepted from employment under section
25 3306(c)(7) until any such failure is corrected. This sub-

1 section shall apply to an Indian tribe within the meaning
2 of section 4(e) of the Indian Self-Determination and Edu-
3 cation Assistance Act (25 U.S.C. 450b(e)).”.

4 (d) DEFINITIONS.—Section 3306 of the Internal Rev-
5 enue Code of 1986 (relating to definitions) is amended by
6 adding at the end the following new subsection:

7 “(u) INDIAN TRIBE.—For purposes of this chapter,
8 the term ‘Indian tribe’ has the meaning given to such term
9 by section 4(e) of the Indian Self-Determination and Edu-
10 cation Assistance Act (25 U.S.C. 450b(e)), and includes
11 any subdivision, subsidiary, or business enterprise wholly
12 owned by such an Indian tribe.”.

13 (e) TRANSITION RULE.—For purposes of the Federal
14 Unemployment Tax Act, service performed in the employ
15 of an Indian tribe (as defined in section 3306(u) of the
16 Internal Revenue Code of 1986 (as added by this Act))
17 shall not be treated as employment (within the meaning
18 of section 3306 of such Code) if—

19 (1) it is service which is performed before the
20 date of enactment of this Act and with respect to
21 which the tax imposed under the Federal Unemploy-
22 ment Tax Act has not been paid: and

1 (2) such Indian tribe reimburses a State unem-
2 ployment fund for unemployment benefits paid for
3 service attributable to such tribe for such period.

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